Appl. No.: 09/737,274
Amdt. Dated: 12/04/2003
Off. Act. Dated: 09/04/2003

REMARKS/ARGUMENTS

Reconsideration of this application is respectfully requested in view of the foregoing discussion presented herein.

1. Introduction.

This action is the second, non-final, action provided by the Examiner in the instant application. The Applicant notes with appreciation the lack of finality of the action and the opportunity for further prosecution.

The rejections set forth by the Examiner in this Office Action are the same as those set forth in the Office Action of March 26, 2003, which the Applicant respectfully traversed. More particularly, Claims 1-8, 11-20 and 23 were rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,529,885 to Johnson, and Claims 9, 10 and 21 were rejected under 35 U.S.C. §103 as being obvious in view of the combined teachings of Johnson and U.S. Patent No. 6,047,269 to Biffar.

Among other arguments made in support of the traversal, the Applicant argued that the cited references fail to teach or render obvious "a transaction device with a device identifier, a clearing house, and an escrow account associated with the clearing house." In response to the Applicant's traversal of the rejection, the Examiner disagreed with the Applicant and stated that those "limitations are disclosed in figs 1A and 1b, col. 9, lines 5-67, specifically secure socket layer or device identifier, and col. 24, lines 43-67, col. 25, lines 1-28, please note that the buyer's home bank is interpreted as a clearing house."

In response to the rejection, and particularly in response to the Examiner's statement of disagreement with the Applicant's interpretation of the cited reference, the Applicant again respectfully traverses the grounds for rejection and respectfully submits that the cited passages of Johnson do not support the rejection.

More particularly, FIG. 1A and FIG. 1B of Johnson do not use the terms and do show elements which comport with the terms "device identifier", "clearing house" or "escrow account associated with the clearing house" as used in the Applicant's claims. With regard to col. 9:5-57, those terms are not used, and none of the elements described therein comport to those elements of the Applicant's claims. Furthermore, it is unclear how the Examiner concluded that FIG. 1A and 1B, and col. 9:5:67 refer to "specifically secure socket layer or device identifier" (emphasis added). While a secure socket layer (SSL) is described by Johnson, there is no device identifier. To the contrary, the Web buyer may be assigned an ID (col. 9:33-34) or alternatively may select both an ID and a password, be assigned both an ID and a password, or any permutation thereof (col. 9:37-39). However, a user ID is neither a transaction device nor a transaction device with a device identifier. Nor is the combination of a user ID and a password either a transaction device or a transaction device with a device identifier.

Furthermore, the cited passage of Johnson goes on to explain that the Web buyer's home bank stores the assigned ID and encrypts the password. The encrypted password is then stored within the Web buyer's home bank's server or other storage device (col. 9:39-45). Johnson goes on to explain that the Web buyer's home bank insures that the Web buyer's unencrypted password remains known only to the web buyer and only the Web buyer's home bank knows and/or has access to the Web buyer's encrypted password (col. 9:53-60).

Next, with regard to col. 24:43-67 and col. 25:1-28, reference is made to an escrow agent, which may be a neutral party, the auction company or the buyer's bank (col. 24:50-51). The seller may send the item to the buyer or to the buyer through the escrow agent subject to one or more contingencies (col. 24:57-58). The escrow agent may exercise an option to remove a second contingency and, when removed along with other contingencies, the buyer's home bank can credit a payment to the seller's account. Various other transactions, including refunds (col. 25:1-28).

As can be seen, therefore, the portions of Johnson cited by the Examiner to refute the Applicant's prior arguments do not teach what the Examiner purports them to teach. Furthermore, there is nothing in Johnson which supports the Examiner's statement that the "buyer's home bank is interpreted as a clearing house".

In this regard, the Applicant respectfully notes that claims are to be considered as a whole and not dissected as is being done in the instant case. In this regard, consider the pending independent claims in the instant application:

1. A system for performing electronic commerce transactions, comprising:

(a) a transaction terminal configured to receive a user transaction device that provides a device identifier when coupled to the transaction terminal, said transaction terminal further configured to indicate that a transaction is to be performed;

(b) a transaction privacy clearing house configured to communicate with the transaction device when a transaction is to be performed, said transaction privacy clearinghouse further configured for receipt of said device identifier and capable thereupon of authorizing a transaction on behalf of a user associated with said device identifier after the identity of said user has been verified; and

(c) an escrow account associated with the transaction privacy clearing house which is configured for receiving and dispersing forms of remuneration associated with authorized transactions.

11. An apparatus for performing electronic commerce transactions according to programming executable on a computational device, comprising:

(a) a transaction system which provides a clearing house for user transactions; and

(b) an escrow account operable within the transaction system which includes a secure database of active accounts that are configured for disbursing or receiving units of exchange in response to user authorized transactions.

15. A method for permitting users to conduct electronic commerce transactions, the method comprising:

providing a transaction device having a transaction device identifier to a user to be associated with the transaction device identifier;

maintaining within a secure server an association between the user and the transaction device;

maintaining within a secure server an electronic escrow account in association with the user; and

conducting an electronic commerce transaction with a vendor using the transaction device.

The Applicant fails to find any teaching of the elements of Claims 1, 11 and 15, when viewed as a whole and, in particular, fails to find the underscored portions of the claims. Accordingly, the Applicant respectfully submits that the Examiner has misapplied Johnson to the Applicant's claims and that Claims 1, 11 and 15, as well as the claims that depend therefrom, recite subject matter which is not anticipated by Johnson. \

2. Specific Rejection of Claims Under 35 U.S.C. § 102(e).

Claims 1-8, 11-20, 22 and 23 were rejected under 35 U.S.C. §102(e) as being anticipated by Johnson (U.S. No. 6,529,885). Of those claims, Claims 1, 11 and 15 are independent.

(a) Claims 1, 5-8, 11-20 and 23. In support of the rejection of Claims 1, 5-8, 11-20 and 23, the Examiner stated that Johnson "discloses an inventive concept of carrying out electronic transactions including electronic drafts, wherein payment on at least one of the drafts is contingent upon the removal of an associated contingency (which is equivalent to Applicant's claimed invention...)."

In response, the Applicant respectfully traverses the grounds for rejection and submits that Johnson does not disclose the invention as recited in the subject claims.

More particularly, Johnson does not disclose a transaction device with a device identifier, a clearing house, and an escrow account associated with the clearing house. Therefore, the claims are not anticipated by Johnson.

Johnson discloses a system for conducting transactions over the Internet with web sellers that have a "partner relationship" with the bank (col. 10:44-47). A bank customer buyer establishes an account with the bank and provides identification (ID) and a password that is subsequently encrypted and stored by the bank. At the time of a transaction, the buyer is authenticated with the bank by providing ID and the appropriate password. The provided password is compared with the password stored at the bank. If the passwords match, the buyer can complete a transaction with the bank partnered seller via an electronic bank draft from the bank to the seller. (see, col. 10:7-30).

In comparison, independent Claims 1 and 15 recite a "transaction device" with a "device identifier." The transaction device of Claim 1 is configured to couple with a "transaction terminal." Johnson does not disclose a transaction device or a transaction device with the limitation of a "device identifier." ***In Johnson, the individual buyer is identified rather than the device as recited in Claims 1 and 15.***

Secondly, the Johnson patent does not disclose, and expressly teaches away from, the use of a clearing house in its system as recited in Applicant's Claims 1 and 11. In this regard, the Applicant respectfully submits that the Examiner's interpretation of the buyer's home bank as a clearing house is incorrect and that the Examiner is improperly reinterpreting the Applicant's claims. At col. 7:62-65, Johnson states:

> "However, unlike checks, the execution, presentment and payment thereof may be carried out, according to the present invention, in electronic form, and *without* the intermediary of *check clearinghouses* that form an integral part of negotiating a conventional 'paper' check." (emphasis added).

The money transfer transaction is directly between the bank and the approved seller in the Johnson system. Accordingly, Johnson does not have a "clearing house" as recited

by the Applicant in Claims 1 and 11.

Likewise, Johnson does not disclose an escrow account associated with a clearing house as recited by the Applicant in Claims 1 and 11. In the online auction example disclosed in Johnson (col. 24), the escrow agent is associated with the seller and there is no clearing house or escrow account disclosed in Johnson's example.

As a reminder, anticipation requires the presence, in a single prior art disclosure, of all elements of a claimed invention arranged as in the claim. A prior art disclosure that "almost" meets that standard is not anticipatory. Nor is anticipation shown by a prior art disclosure which is only "substantially the same" as the claimed invention. Jamesbury Corp. v. Litton Industrial Products, Inc. 756 F.2d 1556, 225 USPQ 253 (Fed.Cir. 1985). In the instant case, Johnson simply is not an anticipatory reference as applied to Claims 1, 11 and 15.

(b) Claims 2, 3, 4 and 22. In support of the rejection of Claims 2, 3, 4 and 22, the Examiner states that Johnson "discloses the claimed limitations of [an] executing unit configured to automatically perform a transaction upon receiving a selected invoice or bill from a vendor that meets certain predetermined verification criterion (see col. 3:9-29)..."

In response, the Applicant respectfully traverses the rejection. Claims 2, 3, 4 and 22 are patentable over Johnson for the reasons that their base claims are patentable. In addition, ***Johnson does not disclose an automatic recurrent transaction execution unit configured to automatically perform a transaction upon receiving a selected invoice or bill from a vendor that meets certain predetermined verification criterion as recited in Claims 2-4 or execution of a method with the function thereof as recited in Claim 22***. In fact, Johnson makes no mention of an automatic recurrent transaction execution unit or any similar functionality.

The section of Johnson referenced by the Examiner (col. 3:9-29) in support of the rejection generally describes contract situations where contingency payments may be made. The system of Johnson is described for overcoming built-in contingencies

(col. 3:15-16) "...many transactions include built-in contingencies that must be met before goods or title will change hands or obligations released"; and goes on to describe examples of contract situations where these contingencies are released.

However, there is no disclosure of processing recurrent transactions, neither is there a recurrent transaction execution unit or a system to provide for the payment of recurrent billings meeting certain criteria as claimed by the Applicant. The contingencies described by Johnson are not recurrent nor are they automatically handled as recited in Applicants claims. Claims 2-4, and 22 recite aspects of paying an invoice or bill automatically from an inside vendor if the bill or invoice meets predetermined verification criterion.

The lack of support for the rejection of Claims 2, 3, 4 and 22 is not surprising in that the thrust of Johnson is to authenticate contingent parties involved in a transaction. The problem addressed by Johnson is clearly stated at col. 4:7-12 as follows:

> "Presently, these and other contingent payments are generally handled entirely in paper format with holographic signatures. Electronic conversion of such contingency-containing transactions awaits viable methods of securely authenticating parties to contingency-containing transactions".

Also see col. 4:42-47 and col. 4:57-61.

These teachings, however, do not comport with Applicant's Claims 2-4, and 22 which recite aspects of paying an invoice or bill automatically from an inside vendor if the bill or invoice meets predetermined verification criterion. Claims 2-4 and 22 can in no way be construed as equivalent to verifying outside parties toward releasing a contingency on a payment.

Therefore, Claims 2-4 and 22 are not anticipated by Johnson.

(c) Other Dependent Claims. It also appears that the limitations in a number of other dependent claims have not been given due consideration by the Examiner. For

example, the Examiner rejected the following claims as being anticipated by Johnson, but there is no support for the rejection:

Claim 5. This claim recites an "automatic purchases execution unit configured to perform selected financial transactions on behalf of the user according to user selected criterion". However, Johnson does not describe automatic purchasing, nor does Johnson describe executing automatic purchases according to user selected criterion.

Claims 6-8. These claims recite an incentive processing unit for receiving incentives which are credited to a user account. The term "incentive" is not even used by Johnson, and nothing was found to comport to the normal meaning the term as described by the Applicant or within Claims 6-8. Claim 8 is very specific about "the remuneration is credited as an offer for which information is received and stored, the use thereof providing enablement of the associated offer"; nothing is given in support of rejecting these aspects of the claimed invention.

Claims 18-20. These dependent claims describe performing exchanges of different forms of remuneration. Johnson, however, is totally silent on exchanging types of remuneration, although it can receive and dispense a form of remuneration. Claim 19 describes specifically the use of an exchange rate table, which is an element not taught by Johnson. Claim 20 even describes in detail the use of an "exchange rate table maintained outside of the system" which is a very specific limitation that is not taught by Johnson.

Similarly, elements recited in other dependent claims (e.g., Claims 12-14, 16-17 and 23) do not appear to have been properly considered by the Examiner.

Therefore, while these dependent claims are patentable over Johnson as a result of their base claims being patentable, they are also patentable based on the additional limitations they present. Clearly, these claims teach one or more elements not found in Johnson.

(d) Conclusion. In view of the foregoing, the Applicant respectfully requests that the rejection of the Claims 1, 11 and 15, as well as the claims that depend

therefrom, be withdrawn and that those claims be allowed. Johnson does not teach the subject matter of those claims as shown above. Furthermore, it will be appreciated from the discussion above that Johnson does not suggest or provide motivation or incentive for employing a transaction device with a device identifier, a clearing house or an escrow account associated with the clearing house. In fact, as discussed above, Johnson teaches away from the use of a clearing house. Therefore, Johnson does not anticipate Applicant's invention or render the invention obvious.

3. Specific rejection of Claims Under 35 U.S.C. § 103(a).

Claims 9, 10 and 21 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson (U.S. No. 6,529,885) in view of Biffar (U.S. No. 6,047,269). In support of the rejection, the Examiner stated, "Johnson fails to explicitly disclose an incentive unit or coupon, or digital currency. However, Biffar discloses a self-contained payment which includes a voucher at a time of transaction such as coupons (see col 5, lines 23-27)."

The Applicant respectfully traverses the rejection and submits that a person of ordinary skill in the art would not find any suggestion, motivation or incentive from the cited combination to modify the Johnson payment scheme to include alternative forms of remuneration such as vouchers or coupons taught by Biffar. The present invention and the schemes found in cited references are mutually exclusive and incompatible.

In particular Johnson describes verifying parties to a contingent transaction, such as real estate going through the escrow process (col. 3:15-29), wherein execution of the transaction is contingent upon the approval of external parties. Biffar's teachings are unrelated in that they disclose "circulating digital vouchers with attached logs which contain a history of the transactions experienced by the voucher" (see col. 3:21-23). The mechanisms in Biffar are not directed at facilitating the contingent transactions described by Johnson. In Johnson the contingent parties are verified for executing a transaction, wherein Biffar uses a different "voucher" approach toward executing a

transaction.

Furthermore, the Applicant respectfully submits that there is nothing in the cited combination from which one of ordinary skill in the art would find it obvious to accept non-currency offers in accord with user selected criterion (Claim 8) or forms of remuneration selectable from the group consisting of physical currency, digital currency, coupons, warrants, discounts or barter items as in (Claims 9 and 21).

The Applicant incorporates by reference the arguments supporting the patentability of the base Claims 1 and 15 discussed above with respect to Johnson reference. As discussed therein, Johnson does not teach, among other things, a transaction device with a device identifier, a clearing house or an escrow account associated with the clearing house. Nor are those elements taught by Biffar. Accordingly, the combination recited by the Examiner lacks the limitations of the Applicant's claims and, therefore, a *prima facie* case of obviousness is not established because the combination does not produce the claimed invention.

Furthermore, there is no suggestion, motivation or incentive that can be derived from the cited combination to either (i) combine the Johnson payment system with the payment system of Biffar or (ii) modify the combination to arrive at the invention recited in the Claims 9, 10 and 12.

Biffar discloses a digital "voucher" that contains a transaction history and a self-contained payment system. See, col. 3:20-25. The user can fund the voucher from a bank account or credit account and then the voucher is circulated by the buyer to sellers within the system and back to the funding bank etc. In addition, at col. 5:25-28 of Biffar it generally states that an electronic "coupon" could be added to the digital voucher. Funds are transferred from the bank of the pre-approved buyer to the participating seller via a voucher.

The Applicant submits that there is no suggestion, motivation or incentive to combine the digital coupon coupled with a digital voucher of Biffar with the pre-approval system of Johnson because each system can general accomplish the same thing in an

entirely different manner, namely providing approved buyers to participating sellers and transferring funds from a bank to a participating seller. The two systems are mutually exclusive. Either the funds are transferred directly to the approved seller as in Johnson or indirectly through a voucher as in Biffar.

Accordingly, there is no motivation, suggestion or incentive to substitute the buyer pre-approval system of Johnson with the voucher and coupon of Biffar because to do so would make the Johnson system cease to function as intended. "If the proposed combination would render the reference invention unsatisfactory for its intended purpose, then there is no motivation to make the combination and a *prima facie* case of obviousness is not established." In re Gordon, 733 F.2d 900, 220 USPQ 1125 (Fed.Cir.1984).

Accordingly, Claims 9, 10 and 21 are not rendered obvious by the cited combination of Johnson and Biffar, and the Applicant respectfully requests that the rejection of these claims be withdrawn.

4. Conclusion.

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims and to pass this application to issue.

//

//

//

//

//

//

//

//

Appl. No.: 09/737,274
Amdt. Dat d: 12/04/2003
Off. Act. Dated: 09/04/2003

The Applicant also respectfully requests a telephone interview with the Examiner in the event that there are questions regarding this response, or if the next action on the merits is not an allowance of all pending claims.

Date: 12/3/2003

Respectfully submitted,

John P. O'Banion, Reg. No. 33,201
O'BANION & RITCHEY LLP
400 Capitol Mall, Suite 1550
Sacramento, CA 95814
(916) 498-1010